

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESAL E)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 2011-00104
MANCHESTER)

ORDER

On June 28, 2011, the Commission ordered the city of Manchester, Kentucky (“Manchester”) to show cause in writing why this proceeding should not be dismissed and the proposed adjustment of its wholesale water service rates to North Manchester Water Association should not be denied due to its failure to comply with our Order of March 28, 2011 to produce certain documents and information in support of its proposed adjustment. Directed to file a response no later than July 8, 2011, Manchester responded on July 10, 2011 and requested that this proceeding remain open. It has not, however, provided any of the information or materials that we requested in our Order of March 28, 2011.

The information identified in our Order of March 28, 2011 is essential to determining the reasonableness of the proposed wholesale rate adjustment. We have provided Manchester more than adequate time to produce that information. Manchester has failed to produce the requested information. As Manchester has the burden of demonstrating the reasonableness of its proposed rate adjustment¹ and has failed to

¹ See *City of Franklin v. Simpson County Water Dist.*, Case No. 1992-00084 (Ky. PSC Jan. 18, 1996) at 6 (“KRS 278.200, by requiring the Commission to hold a hearing on any change in [the] contract rate, implies that such changes are not presumptively valid and reasonable, but that their reasonableness must be adequately demonstrated”).

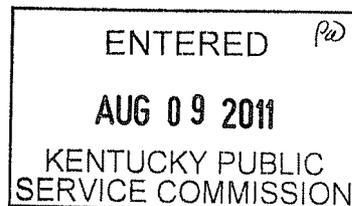
provide any evidence to meet that burden or to otherwise respond to Orders to produce information relevant to the investigation of Manchester's wholesale rate, the Commission finds sufficient cause exists to deny the proposed rate adjustment and close this proceeding.

Our action today closes this proceeding, but does not preclude Manchester from again seeking an adjustment to its wholesale water rate in the near future. If it does seek such adjustment, the Commission strongly encourages Manchester to engage in negotiations with its wholesale customer prior to filing its notice of proposed adjustment and to be prepared to submit information and documents similar to those identified in our Order of March 28, 2011. Such actions will expedite the Commission's review and are likely to produce a more favorable outcome.

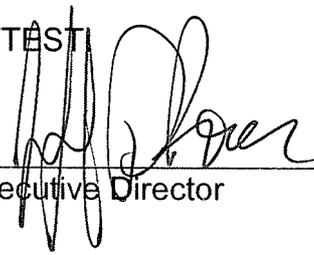
IT IS THEREFORE ORDERED that:

1. Manchester's proposed wholesale rate adjustment is denied without prejudice.
2. This case is closed and shall be removed from the Commission's docket.

By the Commission



ATTEST



Executive Director

Wes Hacker
City Superintendent
City of Manchester
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Manchester, KY 40962

Jimmy Mathis
Vice President
North Manchester Water Association, Inc.
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